

July 06, 2011

CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

0003585554

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Chapter 11 trustee

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
[Sacramento Division]

In re:

PAUL SANDNER MOLLER &
ROSA MARIA MOLLER,

Debtors.

Case No. 09-29936-C-11
Docket Control No. MHK-6

Plan Confirmation Hearing:

Date: June 22, 2011

Time: 10:00 a.m.

Dept: C (Courtroom 35)

Hon. Christopher M. Klein

**ORDER CONFIRMING TRUSTEE'S AND DEBTORS' PLAN OF REORGANIZATION
DATED FEBRUARY 24, 2011, AS MODIFIED AT THE CONFIRMATION HEARING**

The hearing on confirmation of the Trustee's and Debtors' Joint Plan of Reorganization Dated February 24, 2011 (the "Plan"), filed on behalf of Jon Tesar as trustee ("Tesar") and Paul and Rosa Moller (the "Debtors"), came on for hearing on the date and at the time indicated above, before the Honorable Christopher M. Klein. Anthony Asebedo of Meegan, Hanschu & Kassenbrock appeared on behalf of Tesar. William S. Bernheim of Bernheim, Gutierrez & McReady appeared on behalf of the Debtors. Thomas P. Griffin of Hefner Stark & Marois appeared on behalf of creditor Exchange Bank. Other appearances, by telephone, were noted on the record.

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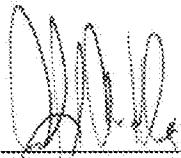
June 23, 2011

CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
0003585554

1 The court having stated its findings of fact and conclusions of law on the record
2 and having determined after notice and hearing that the requirements for confirmation
3 set forth in 11 U.S.C. § 1129 have been satisfied,

4 **IT IS HEREBY ORDERED** that the Plan, as modified at the confirmation hearing, is
5 confirmed. A copy of the Plan, including all modifications, is attached hereto as Exhibit
6 1 and is incorporated herein by reference.

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13 Dated: July 06, 2011

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17 United States Bankruptcy Judge
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17 UNITED STATES BANKRUPTCY COURT

18 EASTERN DISTRICT OF CALIFORNIA

19 [Sacramento Division]

20 In re:

21 PAUL SANDNER MOLLER &
22 ROSA MARIA MOLLER,

23 Debtors.

24 Case No. 09-29936-C-11

25 Docket Control No. MHK-6

26 Hon. Christopher M. Klein

27 **TRUSTEE'S AND DEBTORS' JOINT PLAN**
28 **OF REORGANIZATION DATED FEBRUARY 24, 2011**

29 Jon Tesar (the "Trustee") and Paul Sandner Moller and Rosa Maria Moller (the
30 "Debtors") hereby propose the following Plan of Reorganization Dated February 24,
31 2011 ("Plan").

32 **ARTICLE I.**
33 **INTRODUCTION**

34 On May 18, 2009, the Debtors filed a joint voluntary petition for relief under
35 chapter 11 of the United States Bankruptcy Code. On March 29, 2010, the United

1 States Bankruptcy Court entered an order approving the appointment of the Trustee as
2 trustee in the Debtors' chapter 11 case.

3 This Plan is the Trustee's and the Debtors' joint proposal to satisfy the debts
4 owing as of confirmation of this Plan. Creditors and equity security holders (if any)
5 should refer to Articles III, IV, and VII of this Plan for information regarding the precise
6 treatment of claims. A Disclosure Statement that provides detailed information
7 regarding this Plan and the rights of creditors and equity security holders has been
8 circulated with this Plan, and this Plan should be read and evaluated by creditors in
9 conjunction with the Disclosure Statement. **Your rights may be affected. You should**
10 **read these papers carefully and discuss them with your attorney, if you have one. If**
11 **you do not have an attorney, you may wish to consult one.**

12 **ARTICLE II.**

13 **DEFINITIONS**

14 For purposes of this Plan the following terms have the meaning set forth below:

- 15 1. "Agricultural Property" means the real property commonly known as
16 9341 Currey Road, Dixon, California 95620.
- 17 2. "Ag Property Litigation" means Solano County Superior Court Case Nos.
18 FCS029760 and FCS029789, consolidated into Case No. FCS029760.
- 19 3. "Administrative Expense Claim" means any cost, claim, or expense of
20 administration of the Case arising before the Effective Date, allowed and entitled to
21 priority in accordance with the provisions of §§ 503(b) and 507(a)(1) of the Code,
22 including, without limitation, (i) all actual and necessary expenses of preserving the
23 Estate, to the extent allowed by the Court, and (ii) all allowances of compensation
24 and/or reimbursement of expenses of Professionals to the extent allowed by the Court.
- 25 4. "Allowed Claim" means a Claim with respect to which either (i) a proof of
26 claim has been filed with the Court by the Claims Bar Date, or (ii) which is set forth in a
27 specific amount in the schedules of liabilities filed in the Case, as amended from time to

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time, and not listed as disputed, unknown, contingent, or unliquidated as to amount; and (iii) in either case as to which no objection to allowance has been made.

5. "Allowed Secured Claim" means an Allowed Claim secured by a lien, security interest, or other charge against property in which the Estate has an interest, or which is subject to setoff under § 553 of the Code, to the extent of the value (determined in accordance with § 506(a) of the Code) of the interest of such Allowed Secured Claim in the Estate's interest in such property or to the extent of the amount subject to setoff, as the case may be.

6. "Case" means the chapter 11 bankruptcy case of the Debtors, designated as Case No. 09-29936-C-11 pending before the Court.

7. "Chile Property" means that real property located at 172 Avenue Sporting, Vina Del Mar, Chile, 2560989.

8. "Claims Bar Date" means September 16, 2009 as to non-governmental claimants, and November 16, 2009 as to governmental units.

9. "Code" means title 11 of the United States Code (11 U.S.C. § 101 et seq.), and any applicable amendment.

10. "Commercial Property" means the real property commonly known as 1222 Research Drive, Davis, California.

11. "Confirmation Date" means the date of entry of an order of the Court confirming this Plan.

12. "Confirmation Order" means the order of the Court that confirms this Plan, under § 1129 of the Code.

13. "Court" means the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, in which the Case is pending, and any court having jurisdiction to hear appeal proceedings from such court.

14. "Creditor Account" is that certain bank account or bank accounts to be set up by the Plan Administrator within thirty (30) days of the Effective Date, into which the Plan Administrator shall make deposits and then disbursements to claim

holders (creditors) pursuant to the terms of this Plan; the Plan Administrator may also use any bank account of the Estate existing as of the Confirmation Date, as the Creditor Account.

15. "Effective Date" of Plan means fifteen (15) days after entry of the order confirming this Plan, provided no stay of confirmation has been entered.

16. "Estate" means the bankruptcy estate created on commencement of the Case pursuant to § 541(a) of the Code.

17. "FMI" means Freedom Motors, Inc., a Nevada corporation (entity no. C8097-1997).

18. "MII" means Moller International, Inc., a California corporation (entity no. C1139348).

19. "Parties Entitled to Notice" means the Office of the United States Trustee, the Plan Administrator, counsel to the Plan Administrator, the Debtors, counsel to the Debtors, and those parties who, after the Confirmation Date, file with the court and serve on those parties identified above, a written request for Post-Confirmation Notice to be given by mail using the address stated in such written request.

20. "Petition Date" means the date the Debtors filed their joint voluntary chapter 11 petition, that being May 18, 2009.

21. "Plan Administrator" means Jon Tesar, who was appointed as chapter 11 trustee in the above-captioned bankruptcy case of the Debtors, and if Jon Tesar is unable or unwilling to serve as Plan Administrator, that person who the Court may appoint as Plan Administrator after notice and hearing.

22. "Plan of Reorganization" or "Plan" means this Plan of Reorganization submitted by the Trustee and the Debtors, as amended or modified in accordance with the Code and Federal Rules of Bankruptcy Procedure.

23. "Plan Proponents" means collectively the Trustee and the Debtors.

24. "Post Confirmation Expenses" means all costs, claims, and expenses incurred after the Confirmation Date which (i) if incurred before the Confirmation Date

1 would have been Administrative Expense Claims or (ii) are reasonable, actual, and
2 necessary costs incurred by the Plan Administrator in carrying out his duties under this
3 Plan.

4 25. "Post-Confirmation Notice" means not less than ten (10) days' notice by
5 first-class mail to the Parties Entitled to Notice.

6 26. "Professional" means person or entity retained or to be compensated
7 pursuant to §§ 326, 327, 330, 503(b), and/or 1103 of the Code.

8 27. "Pro Rata" means the proportion of the amount of an Allowed Claim in a
9 particular class to the aggregate amount of all Allowed Claims which are entitled to a
10 particular distribution (including disputed or undetermined claims until disallowed) in
11 such class. In the case of unclassified Priority Tax Claims, this term means the
12 proportion of the allowed amount of any particular Priority Tax Claim to the aggregate
13 allowed amount of all Priority Tax Claims.

14 28. "Residential Property" means the real property commonly known as 9350
15 Currey Road, Dixon, California 95620.

16 29. Unless otherwise provided above, the terms used in this Plan shall have
17 the same meaning as set forth in §§ 101 and 102 of the Code.

18 **ARTICLE III.**
19 **IDENTIFICATION AND TREATMENT OF ADMINISTRATIVE**
20 **EXPENSE CLAIMS, PRIORITY TAX CLAIMS, AND U.S. TRUSTEE FEES**

21 Under § 503 of the Code, the Court determines and allows administrative
22 expenses of the Estate, which are to be paid as priority claims under § 507(a)(2) of the
23 Code. Under § 1123(a)(1) of the Code, claims allowed under § 507(a)(2) of the Code,
24 and under § 507(a)(8) of the Code are not in classes.

25 **A. Administrative Expense Claims.**

26 The Plan Administrator shall pay the full amount of Administrative Expense
27 Claims on the Effective Date, or upon such other terms as may be agreed upon by the
28 holder of any such claim. Should any holder of an Administrative Expense Claim agree
to payment after the Effective Date, the unpaid amount of such claim shall accrue and

1 be paid interest at the rate of 5% per annum after the Effective Date or after approval
2 by the Court, whichever is later.

3 All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will
4 accrue and be timely paid as an Administrative Expense Claim until such time as the
5 case is closed, dismissed, or converted to another chapter of the Code. Upon closing of
6 the Case, no further U.S. Trustee Fees shall be due, except for any calendar quarter
7 during which the case may be reopened and during which the case stays open for at
8 least three (3) consecutive months. Any U.S. Trustee Fees owed on or before the
9 Effective Date of this Plan will be paid on the Effective Date. The Trustee anticipates
10 that as of the Effective Date, fees due for the first quarter 2011 will have been paid,
11 and the quarterly fee for the calendar quarter of confirmation will be due and will be
12 paid at the end of the month thereafter.

13 Other than Professionals employed by the Trustee pre-confirmation, any party
14 that asserts any Administrative Expense Claim, whether such claim is fixed, liquidated,
15 contingent, or unliquidated, and regardless of whether priority status is asserted for
16 such claim, must, no later than thirty (30) days following the Effective Date, file and
17 serve a motion under applicable rules of procedure for allowance of such claim,
18 otherwise such claim shall be barred. After confirmation of the Plan, the Plan
19 Administrator shall have the right to object to allowance of any Administrative Expense
20 Claim, and the Court shall have jurisdiction to determine such objections.

21 B. Priority Tax Claims.

22 These are the Allowed Claims of governmental units for taxes, duties, and
23 penalties pursuant to § 507(a)(8) of the Code ("Priority Tax Claims"). Claimants include
24 the U.S. Internal Revenue Service, California Franchise Tax Board, and the California
25 Employment Development Department. The total allowed amount of Priority Tax
26 Claims currently totals approximately \$168,700.

27 Priority Tax Claims will be paid in the full allowed amount thereof, or such
28 portion of the allowed amount thereof Pro Rata as available funds permit, on the

1 Effective Date or as soon thereafter as is practicable or as otherwise ordered by the
2 Court, unless different treatment is agreed between the holder of any such claim and
3 the Plan Administrator; provided however, that the Plan Administrator shall have the
4 right to the maximum deferral of payment of claims of the kind specified in § 507(a)(8)
5 of the Code, as permitted by § 1129(a)(9)(C) of the Code. Priority Tax Claims shall
6 accrue and be paid interest post-confirmation at the rate provided by applicable non-
7 bankruptcy law (except as may be agreed otherwise) until paid in full.

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9 **ARTICLE IV.**
CLASSIFICATION OF CLAIMS

10 The claims of creditors shall be divided into the following classes:

11 **CLASS 1: Priority Non-Tax Claims.**

12 Priority claims that are referred to in § 507(a)(1), (4), (5), (6), and (7) of the
13 Code are required to be placed in a class. These claims consists generally of priority
14 non-tax claims, such as claims for certain wages, claims for certain contributions to
15 employee plans, and claims for domestic support obligations. There are no known
16 Class 1 Allowed Claims in the Case.

17 **CLASS 2: Secured Claims.**

18 The Allowed Secured Claims set forth in this Class 2 are subject to valuation of
19 the claimant's collateral and determinations under the provisions of this Plan. This class
20 is subdivided as set forth below, to provide for the individual treatment of such claims
21 as required by § 1122(a) of the Code.

22 After confirmation of this Plan, the Plan Administrator shall continue to have
23 rights and authority to seek determination of the secured status of any claim pursuant
24 to § 506 of the Code. In the event the Plan Administrator and any creditor cannot
25 agree upon the portion of the creditor's claim that is secured, the Court shall have
26 jurisdiction post confirmation to determine same.

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1 **Class 2.1 Solano County Tax Collector.**

2 This is the Allowed Secured Claim of the Solano County Tax Collector
3 ("County") based on unpaid real property taxes. The County has not filed a Proof of
4 Claim for any amount, and the Debtors scheduled no amount owing to the County.
5 The Trustee is informed, however, that approximately \$35,000.00 in real property
6 taxes secured by the Commercial Property were due and owing as of the Petition Date.

7 **Class 2.2 Exchange Bank.**

8 This is the Allowed Secured Claim of Exchange Bank, which claim is
9 secured by a first deed of trust against the Commercial Property.¹ On August 5, 2009,
10 Exchange Bank filed a proof of claim in the Case, asserting a secured claim in the
11 amount of \$3,319,985.77. The promissory note in favor of Exchange Bank calls for
12 interest to accrue at the rate of 7.3% per year, until January 1, 2012, after which time
13 the interest rate becomes variable, on the principal amount of \$3,300,000.00. On or
14 about October 19, 2010, the Court entered an order approving a stipulation between
15 the Trustee and Exchange Bank (the "Stipulation"), under which Exchange Bank was
16 authorized to record and serve a Notice of Sale regarding the Commercial Property.
17 Under the Stipulation, Exchange Bank was given authority to conduct a foreclosure sale
18 of the Commercial Property if the obligation to Exchange Bank was not reinstated under
19 state law by December 24, 2010, except that if the Trustee timely delivered certain
20 periodic adequate protection payments to Exchange Bank, no sale would be conducted
21 until March 31, 2011, at which time a foreclosure sale could be conducted unless the
22 obligation to Exchange Bank was by that date reinstated under state law. To date, the
23 Trustee has made such adequate protection payments to Exchange Bank.

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27 1. On Jan. 24, 2007, Exchange Bank filed with the California Secretary of State's
28 office a UCC-1 Financing Statement describing the Debtors' machinery, furniture, fixtures,
and equipment, but Exchange Bank did not take a security interest in such or any other
personal property pursuant to the Commercial Code.

1 **Class 2.3** Sterling Pacific Financial, Inc. or Assignee.

2 This is the Allowed Secured Claim of Sterling Pacific Financial, Inc., or
3 assignee ("Sterling"), which claim is secured by way of a second deed of trust against
4 the Commercial Property. According to a motion filed on behalf of parties asserting to
5 hold the beneficial interest in Sterling's claim, this claim totaled approximately
6 \$823,537.00 as of September 29, 2009, and the Debtors had missed payments in the
7 aggregate amount of approximately \$102,000 due under the promissory note up
8 through September 2009. The promissory note in favor of Sterling calls for interest to
9 accrue at the rate of 12.5% per year, on the principal amount of \$700,000.00. As of
10 this date, no Proof of Claim has been filed by Sterling in the Case.

11 **Class 2.4** Morgan Stanley Dean Witter Credit Corp. or Assignee.

12 This is the Allowed Secured Claim of Morgan Stanley Dean Witter Credit
13 Corporation or assignee ("Morgan Stanley"), which claim is secured by way of a first
14 deed of trust against the Residential Property. On September 16, 2009, the party
15 asserting to hold the beneficial interest in this Claim filed a proof of claim in the Case,
16 asserting a secured claim in the amount of approximately \$392,226.28 (the "MS
17 Claim"); the MS Claim also asserts that the promissory note in favor of Morgan Stanley
18 calls for variable rate interest (the rate is not disclosed), on the principal amount of
19 \$398,000.00. Morgan Stanley has received certain adequate protection payments
20 made by the Trustee after the Petition Date, pursuant to an order of the Court.

21 **Class 2.5** U.S. Bank, N.A.

22 This is the Allowed Secured Claim of U.S. Bank, N.A., or assignee ("US
23 Bank"), which claim is secured by a second deed of trust against the Residential
24 Property. On June 18, 2009, US Bank filed a proof of claim in the Case, asserting a
25 secured claim in the amount of \$165,705.97 (the "USB Claim"). The promissory note
26 in favor of US Bank calls for interest to accrue at the rate of 7.24% per year, on the
27 principal amount of \$190,000.00. US Bank has received certain adequate protection

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1 payments made by the Trustee after the Petition Date, pursuant to an order of the
2 Court.

3 **Class 2.6** Bay Area Financial Corp.

4 This is the Allowed Secured Claim of Bay Area Financial Corporation or
5 assignee ("BAFC"), which claim is secured by a third deed of trust against the
6 Residential Property. According to a motion filed in the Case on behalf of BAFC, this
7 claim totaled approximately \$358,173.00 as of December 31, 2009. The promissory
8 note in favor of BAFC calls for variable-rate interest to accrue at the rate of 8.25% over
9 the prime rate, on the principal amount of \$350,000.00. As of this date, no Proof of
10 Claim has been filed by Sterling in the Case. BAFC has received certain adequate
11 protection payments made by the Trustee after the Petition Date, pursuant to an order
12 of the Court.

13 **Class 2.7** Victoria Schlechter.

14 This is the Allowed Secured Claim of Victoria Schlechter or assignee
15 ("Schlechter"), which claim is secured by a fourth deed of trust against the Residential
16 Property. According to the Debtor's schedules filed in the Case, as amended, this claim
17 totaled approximately \$109,000.00 as of the Petition Date. As of this date, no Proof
18 of Claim has been filed by Schlechter in the Case, and the contract interest rate is 7.0%
19 per year.

20 **Class 2.8** Washington Mutual Bank or Successor/Assignee.

21 This is the Allowed Secured Claim of Washington Mutual Bank or
22 successor/assignee ("WaMu"), which claim is secured by a first deed of trust against
23 the Agricultural Property. On September 15, 2009, the party asserting to hold this
24 claim filed a proof of claim in the Case, asserting a secured claim in the amount of
25 \$317,126.40. The promissory note in favor of WaMu calls for interest to accrue at the
26 rate of 6.0% per year, on the principal amount of \$333,500.00.

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1 **Class 2.9** Capital Region Equities, L.L.C. or Assignee.

2 This is the Allowed Secured Claim of Capital Region Equities, L.L.C. or
3 assignee ("Capital"), which claim is secured by a second deed of trust against the
4 Agricultural Property. The Debtors scheduled a secured claim in favor of Capital in the
5 amount of \$350,000.00. The promissory note held by Capital calls for interest to
6 accrue at the rate of 12% per year, on the principal amount of \$350,000. Capital has
7 not filed a proof of claim in the Case.

8 **Class 2.10** Dana Foss and Edward Foss or Assignee.

9 This is the Allowed Secured Claim of Dana Foss and Edward Foss or
10 assignee ("Foss"), which claim is secured by a third deed of trust against the
11 Agricultural Property. The Debtors scheduled a secured claim in favor of Foss in the
12 amount of \$225,000.00. The promissory note in favor of Foss calls for interest to
13 accrue at the rate of 7% per year, on the principal amount of \$225,000. Foss has not
14 filed a proof of claim in the Case.

15 **Class 2.11:** Gregory House and Jennifer House.

16 This is the Allowed Secured Claim of Gregory House and Jennifer House
17 (collectively, "House"), which claim is secured by a lis pendens recorded against the
18 Agricultural Property. On September 16, 2009, House filed a proof of claim in the Case,
19 as a secured claim in the amount of \$622,622.00, designated by the clerk of the Court
20 as Proof of Claim No. 16 ("Claim No. 16"). The Debtors did not schedule a claim in
21 favor of House. Claim No. 16 is based on damages allegedly caused by the Debtors'
22 breach of an agreement under which House claims that House was entitled to purchase
23 the Agricultural Property, and which damages are claimed in the Ag Property Litigation.

24 **Class 2.12** BMW Bank of North America.

25 This is the Allowed Secured Claim of BMW Bank of North America
26 ("BMW"), which claim as of the Petition Date was secured by a purchase-money
27 security interest in a 2002 BMW 540i automobile (the "Vehicle") valued by the Debtors
28 at \$11,000.00. On September 3, 2009, BMW filed a proof of claim in the Case (the

1 "BMW Claim"), asserting a secured claim in the amount of \$3,615.17. The loan
2 documents call for monthly payments to BMW in the amount of \$730.07 each, with
3 interest to accrue on the amount borrowed at the rate of 5.75% per year. After the
4 Petition Date, the Debtors made monthly contract payments as same came due, and
5 through such payments paid the entire balance due under the contract with BMW. The
6 Debtors claimed as exempt the sum of \$2,550 in regard to the Vehicle.

7 **CLASS 3:** Executory Contracts and Leases.

8 These Allowed Claims are based on executory contracts and leases between the
9 Debtors and third parties, and known Class 3 Allowed Claims are subdivided as stated
10 below:

11 **Class 3.1** Dana Foss and Edward Foss.

12 This is the Allowed Claim of Dana Foss and Edward Foss ("Foss") based
13 on a month-to-month lease under which the Debtors are lessor and Foss is lessee of the
14 Agricultural Property..

15 **Class 3.2** Moller International, Inc.

16 This is the Allowed Claim of MI, based on the Lease Agreement dated
17 July 1, 2003 ("Lease") under which the Debtors are lessor and MII is lessee of the
18 Commercial Property. The term of the Lease runs from July 1, 2003 through July 30,
19 2013 and the Lease calls for monthly rent payments to the Debtors of \$41,500.00 per
20 month. As of this time, the Debtors have committed no defaults under the Lease (but
21 MII is in arrears in payments due under the Lease in the aggregate amount of
22 approximately \$2,337,000).

23 **CLASS 4:** General Unsecured Creditors.

24 These are the Allowed Claims of general unsecured creditors, any Allowed
25 Secured Claim that as a result of a valuation of the secured claimant's collateral the
26 Claim is unsecured in whole or in part pursuant to the terms of this Plan, and Allowed
27 Claims that result from rejection of a lease or executory contract. This class includes
28 any and all claims which are not more particularly described in Class 1; Class 2.1

1 through Class 2.12, inclusive; Class 3.1; Class 3.2; Class 5; Class 6; and Class 7. The
2 total amount of Class 4 Allowed Claims is currently approximately \$631,000 excluding
3 the Allowed Claims, if any, of the holders of rejected leases and executory contracts
4 and of the holders of Allowed Secured Claims that become entitled to distributions
5 based on a deficiency claim after the disposition of collateral.

6 **CLASS 5:** Lucia Napoli Cosmeli.

7 This is the claim of Lucia Napoli Cosmeli ("Cosmeli"), the aunt of debtor Rosa
8 Moller. The Debtors believe that Cosmeli holds the equivalent of a life estate in the
9 Chile Property under applicable law in the Republic of Chile, and the Debtors have
10 promised to pay for Cosmeli's support and maintenance for her lifetime. Cosmeli is 92
11 years old and the Chile Property is her personal residence. The Debtors scheduled a
12 claim in favor of Cosmeli, in the amount of \$16,458 and state that the claim is secured
13 by the Chile Property, but the Trustee believes based on available information that there
14 is no legally enforceable claim in favor of Cosmeli against the Debtors or the Chile
15 Property.

16 **CLASS 6:** Paul Sandner Moller & Rosa Maria Moller.

17 These are the interests of the Debtors that remain after payment of all
18 Administrative Expense Claims, Post Confirmation Expenses, Priority Tax Claims, and all
19 Allowed Claims.

20 **ARTICLE V.**
21 **PROCEDURES RELATING TO CLAIMS AND INTERESTS**

22 The following procedures and provisions, along with those more specific
23 provisions set forth elsewhere in this Plan, govern the administration of claims.

24 Disputed Claim. A disputed claim is a claim that has not been allowed or
25 disallowed by a final non-appealable order, and as to which either: (i) a proof of claim
26 has been filed or deemed filed, and the Plan Administrator or another party in interest
27 has filed an objection; or (ii) no proof of claim has been filed and the Debtors have
28 scheduled such claim as disputed, contingent, unliquidated, or unknown in amount.

1 Delay of Distribution on a Disputed Claim. Except as specifically stated
2 otherwise in this Plan, no distribution will be made on account of a disputed claim
3 unless such claim is allowed by a final non-appealable order. The Plan Administrator
4 shall withhold disbursement of payment on any disputed claim by retaining the amount
5 of funds such claimant would receive if the claim were allowed in full. Upon final
6 determination of such dispute, the Plan Administrator shall pay that claim amount
7 allowed by the Court, pursuant to terms of the Plan.

8 Settlement of Disputed Claims. The Plan Administrator will have the power and
9 authority to settle and compromise any disputed claim against the Estate subject to
10 Post-Confirmation Notice and the procedure set forth in Article IX, § "I" of this Plan, or,
11 alternatively in the Plan Administrator's sole discretion, an order of the Court after
12 hearing pursuant to Federal Rule of Bankruptcy Procedure 9019.

13 Claims Cap. Claims properly scheduled or timely filed as the case may be shall
14 be capped at the amount set forth in the schedules or proof of claim, as of the
15 Confirmation Date. Unless specifically provided for under this Plan, no claim may
16 thereafter be amended to increase the amount asserted against the Debtors or the
17 Estate. This provision may be enforced by any party in interest.

18 De Minimis Distributions. Notwithstanding anything to the contrary in this Plan,
19 the Plan Administrator is not required to deliver a payment or distribution to the holder
20 of an Allowed Claim if the amount of cash due is less than \$10.00. The Plan
21 Administrator may round all amounts for distribution to the nearest dollar.

22 **ARTICLE VI.**
23 **MEANS FOR IMPLEMENTATION OF THE PLAN**

24 **A. Liquidation of Property.**

25 To fund disbursements to creditors under this Plan, the Plan Administrator is to
26 liquidate property of the Estate. This will be done over a 36-month period following the
27 Effective Date, by any means chosen by the Plan Administrator in his sole discretion,
28 including with the assistance of agents or brokers. There shall be no minimum prices or

1 terms for liquidation of property of the Estate, and instead such prices and terms shall
2 be determined by the Plan Administrator in his discretion.

3 To the extent any property of the Estate has been abandoned pursuant to § 554
4 before the Confirmation Date, and to the extent any property is abandoned pursuant to
5 this Plan on or after the Confirmation Date, such property shall not be liquidated by the
6 Plan Administrator, but instead the Debtors shall be free to use and dispose of such
7 property as they see fit.

8 The Plan Administrator has authority to liquidate property of the Estate and
9 distribute the proceeds pursuant to the terms of this Plan, except to the extent such
10 property is determined to have an inconsequential or detrimental value to Estate. The
11 Plan Administrator has authority to time such liquidation of assets at his sole discretion
12 during the 36 months following the Effective Date. To "liquidate" assets shall mean to
13 reduce them to cash, by sale, by lease, or by any other disposition in the Plan
14 Administrator's discretion, and as to accounts receivable or other amounts owed to the
15 Debtors or the Estate, to "liquidate" shall also mean to collect the amount payable,
16 including by way of installment payments, judgment and enforcement of judgment, by
17 the sale or assignment of collection rights, or by way of settlement and compromise, all
18 in the Plan Administrator's discretion.

19 The Plan Administrator may continue to collect receivables as payment of same
20 becomes due, or, if the Plan Administrator receives an acceptable offer for discount or
21 purchase of any receivable, the Plan Administrator may discount or sell same.
22 However, the Plan Administrator may enter a compromise or sell a receivable involving
23 more than a \$10,000 discount, or may sell any asset for an amount exceeding
24 \$10,000 only after he (i) provides Post-Confirmation Notice of the terms of the
25 compromise or sale to the Parties Entitled to Notice, and (b) no party that receives such
26 notice within the ten days provided serves the Plan Administrator a written objection to
27 the proposed compromise or sale. If the Case is at that time closed, such objection
28 shall be accompanied by a copy of a filed application of the objecting party to reopen

1 the Case, including evidence that any fee required to reopen the Case has been paid. If
2 such objection in proper form is timely received, the proposed compromise or sale may
3 be carried out only after Court approval obtained after hearing on no less than ten (10)
4 days' notice to the objecting party.

5 The assets of the Estate include generally, without limitation, the following:
6 claims; promissory notes; contracts; trust rights, whether express, formal, informal,
7 resulting, or other another or fiduciary theories; equitable interests held by, or any right
8 to, real or personal property or the payment of any monies held in the name of any
9 person or entity. Subject to abandonment, the assets of the Estate that the Plan
10 Administrator shall liquidate include, but are not limited to the following:

Description of Assets
Chile Property
Interest (stock) in Freedom Motors, Inc.
Interest (stock) in Moller International, Inc.
Interest in Milk Farm Assocs., L.P.
Rents receivable from Moller International, Inc.
Account receivable from Moller International, Inc. (loan payable)
Account receivable from Moller International, Inc. (deferred compensation)
Organic almond butter
Vehicle (unexempted equity is \$2,450)
Patents

23 The Plan Proponents believe that the most significant assets of the Estate
24 consists of claims against MII for (i) unpaid rent for use and occupancy of the
25 Commercial Property, (ii) for amounts due for pre-petition loans made by the Debtors to
26 MII; and (iii) for deferred compensation payable to Dr. Moller. These claims against MII
27 are described in greater detail in the Disclosure Statement. The Plan Proponents
28 anticipate that the services of Professionals may be used and Administrative Expense

1 Claims may be incurred in the prosecution of these claims against MII. As such, unpaid
2 court-approved administrative expenses incurred by Professionals in the Case shall be
3 paid from proceeds of the claim against MII before distribution on account of any
4 Allowed Claim secured by same (if any), pursuant to § 506(c) of the Code.

5 B. Use of Creditor Account.

6 The Plan Administrator shall deposit into the Creditor Account all cash on hand
7 as of the Effective Date and all proceeds from liquidation of assets following the
8 Effective Date. Sale proceeds shall then be disbursed from the Creditor Account in
9 accordance with the provisions of this Plan. The Plan Administrator shall reserve in the
10 Creditor Account at all times an amount reasonably estimated to cover Administrative
11 Expense Claims and projected Post Confirmation Expenses.

12 C. Distributions from the Creditor Account.

13 From the amounts reserved for Administrative Expense Claims and Post
14 Confirmation Expenses, the Plan Administrator shall first make distributions on account
15 of same. As and when a distribution on account of any Allowed Claim is due and
16 payable under this Plan, the Plan Administrator shall make such distribution from the
17 Creditor Account, in accordance with this Plan.

18 D. Sales Under § 363 of the Code.

19 The Plan Administrator may elect to file a motion with the Court to obtain an
20 order pursuant to the provisions of § 363 of the Code, which shall apply to a sale of
21 property under this Plan in the same manner as if the Case were pending as a chapter
22 11 case before confirmation of any Plan of Reorganization and as if the Plan
23 Administrator were a chapter 11 trustee. To the extent any property is subject to liens,
24 interests, encumbrances, or the like, the Plan Administrator may sell such property free
25 and clear of such liens, interests, encumbrances, or the like, as provided under § 363(f)
26 of the Code; to the extent the Estate may hold less than the entire ownership interest in
27 any property, the Plan Administrator may sell such interest and the interest of any co-

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owner(s) under § 363(g) of the Code; and the Court shall have jurisdiction to approve such sale as provided under § 363 of the Code.

E. Post-Confirmation Employment of Professionals.

To the same extent he may have employed Professionals before confirmation of the Plan, the Plan Administrator may employ professionals post-confirmation, except that further Court approval for employment shall not be required so long as the employment was approved by the Court before the Effective Date. The Plan Administrator is specifically authorized to continue to employ counsel and accountants to assist in the exercise of his rights and duties under this Plan, and to continue to employ a securities broker in connection with the sale of securities (stock).

F. Payment of Post-Confirmation Compensation of Professionals.

The Plan Administrator, and all professionals employed by the Plan Administrator post-confirmation, shall be entitled to compensation for services rendered and reimbursement for costs incurred after the Effective Date. The Plan Administrator shall be authorized to pay such compensation, which shall have a priority consistent with an Administrative Expense Claim, only after he (i) provides Post-Confirmation Notice of the proposed compensation, and (b) no party that receives such notice within the ten days provided serves the Plan Administrator a written objection to the proposed compensation. If the Case is at that time closed, such objection shall be accompanied by a copy of a filed application of the objecting party to reopen the Case, including evidence that any fee required to reopen the Case has been paid. If such objection in proper form is timely received, the proposed compensation can be paid only after Court approval is obtained after hearing on no less than ten (10) days' notice to the objecting party. Notwithstanding the provisions above in regard to payment of compensation to professionals, the Plan Administrator shall be authorized to compensate his securities broker in the ordinary course from proceeds of sale, without need for Post-Confirmation Notice.

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**ARTICLE VII.
TREATMENT OF CLAIMS**

Class 1 Allowed Claims (if any) shall be paid in full on the Effective Date or as soon as practical thereafter and as funds permit or as otherwise ordered by the Court. No Allowed Claim in a particular rank of priority shall be paid until each higher level of priority under § 507 of the Code is paid in full. To the extent insufficient funds exist to pay in full each holder of an Allowed Claim in a particular level of priority, available funds shall be distributed Pro Rata among those claim holders in that level of priority.

The **Class 2.1** Allowed Secured Claim of the County shall be treated as follows. The Commercial Property and the Agricultural Property shall be abandoned as of the Effective Date, and by way of an order of the Court entered in the Case on or about December 22, 2010, the Residential Property was abandoned by the Estate, as of December 9, 2010. To the extent applicable, the Confirmation Order will constitute an order granting relief from the automatic stay in favor of the Class 2.1 claimant to permit the Class 2.1 claimant to possess and dispose of the Commercial Property pursuant to applicable state law. The Class 2.1 Allowed Secured Claim is deemed satisfied in full upon abandonment of the Commercial Property. Confirmation of this Plan will not impair or otherwise affect the Class 2.1 claim holder's security interest in property of the Debtors.

The **Class 2.2** Allowed Claim of Exchange Bank shall be treated as follows. The Commercial Property shall be abandoned as of the Effective Date. To the extent applicable, the Confirmation Order will constitute an order granting relief from the automatic stay in favor of the Class 2.2 claimant to permit the Class 2.2 claimant to possess and dispose of the Commercial Property pursuant to state law. The Class 2.2 Allowed Secured Claim is deemed satisfied in full upon abandonment of the Commercial Property, and any deficiency claim in favor of the Class 2.2 claimant shall be a Class 4 general unsecured claim, on the condition, however, that the Class 2.2 claimant file a proof of claim in the Case (or amend an existing proof of claim, if any) to state

1 specifically the amount of its deficiency claim. Should the Class 2.2 claim holder fail to
2 file a proof of claim (or amend an existing proof of claim) in the Case within ninety (90)
3 days of the Effective Date to state specifically the amount of any deficiency claim, the
4 Class 2.2 claimant shall receive no distribution under this Plan. Any proof of claim (or
5 amendment, if applicable) that is timely filed as provided above shall be subject to
6 objection by the Plan Administrator or other party entitled to make such objection under
7 applicable rules. Notwithstanding the above provisions, the Class 2.2 claimant and the
8 Debtors shall be free to reach terms for the reaffirmation of the underlying obligation
9 (subject to applicable bankruptcy law), and any payment due on the reaffirmed debt
10 shall be made by the Debtors, not by the Plan Administrator or the Estate.
11 Confirmation of this Plan shall not impair or affect the Class 2.2 claimant's security
12 interest in the Commercial Property.

13 The **Class 2.3** Allowed Secured Claim of Sterling shall be treated as follows.
14 The Commercial Property shall be abandoned as of the Effective Date. The
15 Confirmation Order will constitute an order granting relief from the automatic stay in
16 favor of the Class 2.3 claimant to permit the Class 2.3 claimant to possess and dispose
17 of the Commercial Property pursuant to state law. The Class 2.3 Allowed Secured
18 Claim is deemed satisfied in full upon abandonment of the Commercial Property, and
19 any deficiency claim in favor of the Class 2.3 claimant shall be a Class 4 general
20 unsecured claim, on the condition, however, that the Class 2.3 claimant file a proof of
21 claim in the Case (or amend an existing proof of claim, if any) to state specifically the
22 amount of its deficiency claim. Should the Class 2.3 claim holder fail to file a proof of
23 claim (or amend an existing proof of claim) in the Case within ninety (90) days of the
24 Effective Date to state specifically the amount of any deficiency claim, the Class 2.3
25 claimant shall receive no distribution under this Plan. Any proof of claim (or
26 amendment, if applicable) that is timely filed as provided above shall be subject to
27 objection by the Plan Administrator or other party entitled to make such objection under
28 applicable rules. Notwithstanding the above provisions, the Class 2.3 claimant and the

1 Debtors shall be free to reach terms for the reaffirmation of the underlying obligation
2 (subject to applicable bankruptcy law), and any payment due on the reaffirmed debt
3 shall be made by the Debtors, not by the Plan Administrator or the Estate.

4 Confirmation of this Plan shall not impair or affect the Class 2.3 claimant's security
5 interest in the Commercial Property.

6 The **Class 2.4** Allowed Secured Claim of Morgan Stanley shall be treated as
7 follows. By way of an order of the Court entered in the Case on or about December
8 22, 2010, the Residential Property was abandoned by the Estate, as of December 9,
9 2010. To the extent applicable, the Confirmation Order will constitute an order granting
10 relief from the automatic stay in favor of the Class 2.4 claimant to permit the Class 2.4
11 claimant to possess and dispose of the Residential Property pursuant to state law. The
12 Class 2.4 Allowed Secured Claim is deemed satisfied in full as of the Effective Date,
13 and any deficiency claim in favor of the Class 2.4 claimant shall be a Class 4 general
14 unsecured claim, on the condition, however, that the Class 2.4 claimant file a proof of
15 claim in the Case (or amend an existing proof of claim, if any) to state specifically the
16 amount of its deficiency claim. Should the Class 2.4 claim holder fail to file a proof of
17 claim (or amend an existing proof of claim) in the Case within ninety (90) days of the
18 Effective Date to state specifically the amount of any deficiency claim, the Class 2.4
19 claimant shall receive no distribution under this Plan. Any proof of claim (or
20 amendment, if applicable) that is timely filed as provided above shall be subject to
21 objection by the Plan Administrator or other party entitled to make such objection under
22 applicable rules. Notwithstanding the above provisions, the Class 2.4 claimant and the
23 Debtors shall be free to reach terms for the reaffirmation of the underlying obligation
24 (subject to applicable bankruptcy law), and any payment due on the reaffirmed debt
25 shall be made by the Debtors, not by the Plan Administrator or the Estate.
26 Confirmation of this Plan shall not impair or affect the Class 2.4 claimant's security
27 interest in the Residential Property.

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1 The **Class 2.5** Allowed Secured Claim of US Bank shall be treated as follows. By
2 way of an order of the Court entered in the Case on or about December 22, 2010, the
3 Residential Property was abandoned by the Estate, as of December 9, 2010. To the
4 extent applicable, the Confirmation Order will constitute an order granting relief from the
5 automatic stay in favor of the Class 2.5 claimant to permit the Class 2.5 claimant to
6 possess and dispose of the Residential Property pursuant to state law. The Class 2.5
7 Allowed Secured Claim is deemed satisfied in full as of the Effective Date, and any
8 deficiency claim in favor of the Class 2.5 claimant shall be a Class 4 general unsecured
9 claim, on the condition, however, that the Class 2.5 claimant file a proof of claim in the
10 Case (or amend an existing proof of claim, if any) to state specifically the amount of its
11 deficiency claim. Should the Class 2.5 claim holder fail to file a proof of claim (or
12 amend an existing proof of claim) in the Case within ninety (90) days of the Effective
13 Date to state specifically the amount of any deficiency claim, the Class 2.5 claimant
14 shall receive no distribution under this Plan. Any proof of claim (or amendment, if
15 applicable) that is timely filed as provided above shall be subject to objection by the Plan
16 Administrator or other party entitled to make such objection under applicable rules.
17 Notwithstanding the above provisions, the Class 2.5 claimant and the Debtors shall be
18 free to reach terms for the reaffirmation of the underlying obligation (subject to
19 applicable bankruptcy law), and any payment due on the reaffirmed debt shall be made
20 by the Debtors, not by the Plan Administrator or the Estate. Confirmation of this Plan
21 shall not impair or affect the Class 2.5 claimant's security interest in the Residential
22 Property.

23 The **Class 2.6** Allowed Secured Claim of BAFC shall be treated as follows. By
24 way of an order of the Court entered in the Case on or about December 22, 2010, the
25 Residential Property was abandoned by the Estate, as of December 9, 2010. To the
26 extent applicable, the Confirmation Order will constitute an order granting relief from the
27 automatic stay in favor of the Class 2.6 claimant to permit the Class 2.6 claimant to
28 possess and dispose of the Residential Property pursuant to state law. The Class 2.6

1 Allowed Secured Claim is deemed satisfied in full as of the Effective Date, and any
2 deficiency claim in favor of the Class 2.6 claimant shall be a Class 4 general unsecured
3 claim, on the condition, however, that the Class 2.6 claimant file a proof of claim in the
4 Case (or amend an existing proof of claim, if any) to state specifically the amount of its
5 deficiency claim. Should the Class 2.6 claim holder fail to file a proof of claim (or
6 amend an existing proof of claim) in the Case within ninety (90) days of the Effective
7 Date to state specifically the amount of any deficiency claim, the Class 2.6 claimant
8 shall receive no distribution under this Plan. Any proof of claim (or amendment, if
9 applicable) that is timely filed as provided above shall be subject to objection by the Plan
10 Administrator or other party entitled to make such objection under applicable rules.
11 Notwithstanding the above provisions, the Class 2.6 claimant and the Debtors shall be
12 free to reach terms for the reaffirmation of the underlying obligation (subject to
13 applicable bankruptcy law), and any payment due on the reaffirmed debt shall be made
14 by the Debtors, not by the Plan Administrator or the Estate. Confirmation of this Plan
15 shall not impair or affect the Class 2.6 claimant's security interest in the Residential
16 Property.

17 The **Class 2.7** Allowed Secured Claim of Schlechter shall be treated as follows.
18 By way of an order of the Court entered in the Case on or about December 22, 2010,
19 the Residential Property was abandoned by the Estate, as of December 9, 2010. By
20 way of an order of the Court entered in the Case on or about December 22, 2010, the
21 Residential Property was abandoned by the Estate, as of December 9, 2010. To the
22 extent applicable, the Confirmation Order will constitute an order granting relief from the
23 automatic stay in favor of the Class 2.7 claimant to permit the Class 2.7 claimant to
24 possess and dispose of the Residential Property pursuant to state law. The Class 2.7
25 Allowed Secured Claim is deemed satisfied in full as of the Effective Date, and any
26 deficiency claim in favor of the Class 2.7 claimant shall be a Class 4 general unsecured
27 claim, on the condition, however, that the Class 2.7 claimant file a proof of claim in the
28 Case (or amend an existing proof of claim, if any) to state specifically the amount of its

1 deficiency claim. Should the Class 2.7 claim holder fail to file a proof of claim (or
2 amend an existing proof of claim) in the Case within ninety (90) days of the Effective
3 Date to state specifically the amount of any deficiency claim, the Class 2.7 claimant
4 shall receive no distribution under this Plan. Any proof of claim (or amendment, if
5 applicable) that is timely filed as provided above shall be subject to objection by the Plan
6 Administrator or other party entitled to make such objection under applicable rules.
7 Notwithstanding the above provisions, the Class 2.7 claimant and the Debtors shall be
8 free to reach terms for the reaffirmation of the underlying obligation (subject to
9 applicable bankruptcy law), and any payment due on the reaffirmed debt shall be made
10 by the Debtors, not by the Plan Administrator or the Estate. Confirmation of this Plan
11 shall not impair or affect the Class 2.7 claimant's security interest in the Residential
12 Property.

13 The **Class 2.8** Allowed Secured Claim of WaMu shall be treated as follows. By
14 way of an order of the Court entered in the Case on or about May 4, 2011, the
15 Agricultural Property was abandoned by the Estate. To the extent applicable, the
16 Confirmation Order will constitute an order granting relief from the automatic stay in
17 favor of the Class 2.8 claimant to permit the Class 2.8 claimant to possess and dispose
18 of the Agricultural Property pursuant to state law. The Class 2.8 Allowed Secured
19 Claim is deemed satisfied in full as of the Effective Date, and any deficiency claim in
20 favor of the Class 2.8 claimant shall be a Class 4 general unsecured claim, on the
21 condition, however, that the Class 2.8 claimant file a proof of claim in the Case (or
22 amend an existing proof of claim, if any) to state specifically the amount of its
23 deficiency claim. Should the Class 2.8 claim holder fail to file a proof of claim (or
24 amend an existing proof of claim) in the Case within ninety (90) days of the Effective
25 Date to state specifically the amount of any deficiency claim, the Class 2.8 claimant
26 shall receive no distribution under this Plan. Any proof of claim (or amendment, if
27 applicable) that is timely filed as provided above shall be subject to objection by the Plan
28 Administrator or other party entitled to make such objection under applicable rules.

1 Notwithstanding the above provisions, the Class 2.8 claimant and the Debtors shall be
2 free to reach terms for the reaffirmation of the underlying obligation (subject to
3 applicable bankruptcy law), and any payment due on the reaffirmed debt shall be made
4 by the Debtors, not by the Plan Administrator or the Estate. Confirmation of this Plan
5 shall not impair or affect the Class 2.8 claimant's security interest in the Agricultural
6 Property.

7 The **Class 2.9** Allowed Secured Claim of Capital shall be treated as follows. By
8 way of an order of the Court entered in the Case on or about May 4, 2011, the
9 Agricultural Property was abandoned by the Estate. To the extent applicable, the
10 Confirmation Order will constitute an order granting relief from the automatic stay in
11 favor of the Class 2.9 claimant to permit the Class 2.9 claimant to possess and dispose
12 of the Agricultural Property pursuant to state law. The Class 2.9 Allowed Secured
13 Claim is deemed satisfied as of the Effective Date, and any deficiency claim in favor of
14 the Class 2.9 claimant shall be a Class 4 general unsecured claim, on the condition,
15 however, that the Class 2.9 claimant file a proof of claim in the Case (or amend an
16 existing proof of claim, if any) to state specifically the amount of its deficiency claim.
17 Should the Class 2.9 claim holder fail to file a proof of claim (or amend an existing proof
18 of claim) in the Case within ninety (90) days of the Effective Date to state specifically
19 the amount of any deficiency claim, the Class 2.9 claimant shall receive no distribution
20 under this Plan. Any proof of claim (or amendment, if applicable) that is timely filed as
21 provided above shall be subject to objection by the Plan Administrator or other party
22 entitled to make such objection under applicable rules. Notwithstanding the above
23 provisions, the Class 2.9 claimant and the Debtors shall be free to reach terms for the
24 reaffirmation of the underlying obligation (subject to applicable bankruptcy law), and any
25 payment due on the reaffirmed debt shall be made by the Debtors, not by the Plan
26 Administrator or the Estate. Confirmation of this Plan shall not impair or affect the
27 Class 2.9 claimant's security interest in the Agricultural Property.

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1 The **Class 2.10** Allowed Secured Claim of Foss shall be treated as follows. By
2 way of an order of the Court entered in the Case on or about May 4, 2011, the
3 Agricultural Property was abandoned by the Estate. To the extent applicable, the
4 Confirmation Order will constitute an order granting relief from the automatic stay in
5 favor of the Class 2.10 claimant to permit the Class 2.10 claimant to possess and
6 dispose of the Agricultural Property pursuant to state law. The Class 2.10 Allowed
7 Secured Claim is deemed satisfied in full as of the Effective Date, and any deficiency
8 claim in favor of the Class 2.10 claimant shall be a Class 4 general unsecured claim, on
9 the condition, however, that the Class 2.10 claimant file a proof of claim in the Case (or
10 amend an existing proof of claim, if any) to state specifically the amount of its
11 deficiency claim. Should the Class 2.10 claim holder fail to file a proof of claim (or
12 amend an existing proof of claim) in the Case within ninety (90) days of the Effective
13 Date to state specifically the amount of any deficiency claim, the Class 2.10 claimant
14 shall receive no distribution under this Plan. Any proof of claim (or amendment, if
15 applicable) that is timely filed as provided above shall be subject to objection by the Plan
16 Administrator or other party entitled to make such objection under applicable rules.
17 Notwithstanding the above provisions, the Class 2.10 claimant and the Debtors shall be
18 free to reach terms for the reaffirmation of the underlying obligation (subject to
19 applicable bankruptcy law), and any payment due on the reaffirmed debt shall be made
20 by the Debtors, not by the Plan Administrator or the Estate. Confirmation of this Plan
21 shall not impair or affect the Class 2.10 claimant's security interest in the Agricultural
22 Property.

23 The **Class 2.11** Allowed Secured Claim of House shall be treated as follows. By
24 way of an order of the Court entered in the Case on or about May 4, 2011, the
25 Agricultural Property was abandoned by the Estate. To the extent applicable, the
26 Confirmation Order will constitute an order granting relief from the automatic stay in
27 favor of the Class 2.11 claimant to permit the Class 2.11 claimant to possess and
28 dispose of the Agricultural Property pursuant to state law. The Class 2.11 Allowed

1 Secured Claim is deemed satisfied in full as of the Effective Date, and any deficiency
2 claim in favor of the Class 2.11 claimant shall be a Class 4 general unsecured claim, on
3 the condition, however, that the Class 2.11 claimant file an amendment to Claim No.
4 16 to state specifically the amount of the deficiency claim. Should the Class 2.11 claim
5 holder fail to file an amendment to Claim No. 16 in the Case within ninety (90) days of
6 the Effective Date to state specifically the amount of any deficiency claim, the Class
7 2.11 claimant shall receive no distribution under this Plan. Any proof of claim (or
8 amendment, if applicable) that is timely filed as provided above shall be subject to
9 objection by the Plan Administrator or other party entitled to make such objection under
10 applicable rules. Notwithstanding the above provisions, the Class 2.11 claimant and
11 the Debtors shall be free to reach terms for the reaffirmation of the underlying obligation
12 (subject to applicable bankruptcy law), and any payment due on the reaffirmed debt
13 shall be made by the Debtors, not by the Plan Administrator or the Estate.
14 Confirmation of this Plan shall not impair or affect the Class 2.11 claimant's security
15 interest in the Agricultural Property.

16 The **Class 2.12** Allowed Secured Claim of BMW shall be treated as follows. The
17 Class 2.12 claim holder shall be entitled to no payments or distributions under the Plan.
18 The Class 2.12 claim holder shall apply all post-petition payments received from the
19 Debtor in full and final satisfaction of the Class 2.12 Allowed Secured Claim.

20 As to **Class 3** Allowed Claims, this Plan provides for a specific deadline for the
21 holders of rejected executory contracts and unexpired leases, if any, to file a proof of
22 claim for damages arising from the rejection, after which deadline such claims are
23 barred. General provisions for executory contracts and unexpired leases are set forth in
24 Article XI of this Plan. Provisions for specific executory contracts and unexpired leases
25 are set forth immediately below.

26 The **Class 3.1** Allowed Claim of Foss shall be treated as follows.
27 Specifically, through this Plan, the real property lease with Foss is deemed rejected as
28 of the Effective Date.

1 The **Class 3.2** Allowed Claim of MII shall not be impaired by this Plan.
2 Specifically, through this Plan, the real property lease with MII is deemed assumed as of
3 the Effective Date.

4 **Class 4** Allowed Claims shall be paid as follows: After full payment of all
5 Administrative Expense claims, Priority Tax Claims, and Class 1 Claims, the Plan
6 Administrator shall, on a bi-annual basis, distribute remaining funds in the Creditor
7 Account Pro Rata, to the holders of Class 4 Allowed Claims. The first disbursement
8 from the Creditor Account on account of Class 4 Allowed Claims shall be made within
9 sixty (60) days following full payment of all Administrative Expense claims, Priority Tax
10 Claims, and Class 1 Claims, and the Plan Administrator shall continue such
11 disbursements each six calendar months thereafter, until such time as the Class 4
12 Allowed Claims are paid in full, plus accrued interest at the rate of 2% per year from
13 the Effective Date.

14 The **Class 5** Allowed Claim shall be unimpaired. Confirmation of the Plan
15 shall not impair or affect Cosmeli's interest, if any, in the Chile Property.

16 **Class 6** interest of the Debtors shall be treated as follows. Upon full
17 payment of all Administrative Expense Claims, Post-Confirmation Expenses, all Priority
18 Tax Claims, and all Allowed Claims (including Class 1 and Class 4), then any remaining
19 assets of the Estate shall be at that time deemed abandoned and shall be distributed to
20 the Debtors. Upon confirmation of the Plan, the following assets, in addition to those
21 assets subject of abandonment under other provisions of this Plan, the Debtors'
22 interests in the following assets shall be deemed abandoned to the Debtors pursuant to
23 § 554 of the Code: (i) household goods valued at \$1,000; (ii) computer and TV valued
24 at \$5,000; (iii) clothes valued at \$3,000; (iv) jewelry valued at \$2,000; and (v) Quail
25 Oaks Ranch. Should the Debtors have claimed as exempt any value in any asset to be
26 liquidated under this Plan, the Debtors will receive the value of their claimed exemption
27 promptly after the Plan Administrator liquidates the relevant asset; notwithstanding the
28 foregoing, however, the Debtors shall be authorized to pay the Plan Administrator the

1 sum of \$2,450, the unexempted equity in the Vehicle, in lieu and instead of liquidation
2 of the Vehicle by the Plan Administrator.

3
4 **ARTICLE VIII.**
NON-IMPAIRED CLASSES

5 Pursuant to § 1123(a) of the Code, the Plan Proponents specify that the
6 following classes of claims or interests are not impaired under the Plan: Class 3.2;
7 Class 5; and Class 6. The following classes are impaired under the Plan: Class 1; Class
8 2.1 through 2.12, inclusive; Class 3.1, and Class 4 (and all subclasses thereof, as
9 applicable).

10
11 **ARTICLE IX.**
AUTHORITY AND DUTIES OF THE PLAN ADMINISTRATOR

12 A. The Plan Administrator's Authority Generally.

13 The Plan Administrator will serve the Estate post-confirmation. The Plan
14 Administrator will have the powers and authority set forth in this Plan and the
15 Confirmation Order, and in addition the Plan Administrator will retain post-confirmation
16 all rights, powers, and authorities of a trustee under chapter 11 of the Code and will be
17 authorized to employ counsel and other professionals post-confirmation. Any orders
18 authorizing employment of professionals by the Trustee obtained before confirmation of
19 the Plan shall be effective and in favor of the Plan Administrator post-confirmation.

20 Expressly incorporated into this Plan and granted to the Plan Administrator are
21 the powers of a chapter 11 trustee, including as follows:

- 22 1. Sections 704(1), 704(2), 705(5), 704(7), 1106(a)(6), and
23 1106(a)(7) of the Code;
- 24 2. The powers necessary to perform this Plan, including but not
25 limited to execution of any documents relating to the sale, transfer, or reconveyance of
26 assets of the Estate, the power to sell property under § 363 of the Code, including
27 pursuant to § 363(f) and (h) of the Code, and the disbursement of any monies relating
28 to any assets of the Estate;

1 3. Those additional powers that the court may authorize the Plan
2 Administrator to exercise by further order;

3 4. Retaining and compensating from property of the Estate such
4 professionals and third parties whose employment is reasonably necessary to perform
5 this Plan.

6 The Plan Administrator is upon confirmation of the Plan authorized to settle
7 and/or compromise any cause of action or claim that the Estate may have, including but
8 not limited to claims under § 547 and § 548 of the Code, subject to Post-Confirmation
9 Notice and the procedure set forth in Article IX, § "I" of this Plan, or alternatively an
10 order of the Court after hearing pursuant to Federal Rule of Bankruptcy Procedure 9019.

11 The powers of the Plan Administrator shall be exercised as provided in this Plan,
12 or through a post-confirmation order of the Court for the sale of real or personal
13 property under the Plan, after request by the Plan Administrator. Notwithstanding the
14 above, nothing herein shall require the Plan Administrator to obtain any post-
15 confirmation orders or authorization for the sale of any real or personal property under
16 this Plan.

17 B. Reports and Records.

18 After confirmation of this Plan, the Plan Administer shall pay from Estate funds
19 to the United States Trustee, for deposit into the Treasury, those Quarterly Fees due
20 under 28 U.S.C. § 1930(a)(6) for each quarter and fraction thereof, until the Case is
21 closed by entry of a final decree, converted, or dismissed. At the end of each calendar
22 quarter, the Plan Administrator shall also file with the Court, and serve upon the United
23 States Trustee, a post-confirmation report which includes the no less than the following
24 information pertinent to the Case: (1) whether the plan confirmation order is final; (2)
25 whether deposits, if any, required by this Plan have been made; (3) whether property, if
26 any, to be transferred under this Plan has been transferred; (4) whether the Debtor has
27 under this Plan assumed management of the property dealt with by the Plan; (5)
28 whether Plan disbursements have commenced; (6) whether Quarterly Fees due to the

1 United States Trustee have been paid; and (7) whether all motions, contested matters,
2 and adversary proceedings have been finally resolved. At the time he serves the U.S.
3 Trustee, the Plan Administrator shall serve copies of each post-confirmation report on
4 those parties that have provided him or his counsel with a prior written request for
5 service of same.

6 The Plan Administrator shall maintain accurate books and records concerning the
7 Estate and the Creditor Account. The Plan Administrator shall maintain a record of all
8 distributions from the Creditor Account, with respect to each distribution, including the
9 name and address of the holder of the Allowed Claim, the amount and nature of the
10 distribution, the claim number, if applicable, and the amount of the Allowed Claim.

11 Promptly after making the final distribution from the Creditor Account, the Plan
12 Administrator shall serve his final accounting for the Estate on the Parties Entitled to
13 Notice. Absent the service of written objection on the Plan Administrator and counsel
14 for the Plan Administrator within twenty (20) days of service of the final accounting,
15 the Plan Administrator shall be discharged of his duties under this Plan. If the Case is
16 open at the time of service of his final accounting, the Plan Administrator may request
17 that the Court enter a final decree in the Case.

18 C. Reliance by Third Parties on Plan Administrator's Authority.

19 No entity acting in good faith and dealing with the Plan Administrator with
20 respect to any property of the Estate or the Plan Administrator's performance of his
21 powers or duties under this Plan shall be required to ascertain the authority of the Plan
22 Administrator, or to be responsible in any way for the proper application of funds or
23 properties paid or delivered to the Plan Administrator, and any such entity may deal
24 with the Plan Administrator as though he were the unconditional owner of the assets of
25 the Estate. This provision does not release or limit the obligations of any third party to
26 repay or disgorge any monies or property which may have been transferred by the Plan
27 Administrator by error of the Plan Administrator or someone acting on the Plan

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1 Administrator's behalf, such as by error through miscomputation of amount or
2 misidentification of creditor or recipient.

3 D. Bond.

4 Upon confirmation of this Plan, the Trustee's bond shall be discharged. As long
5 as Jon Tesar serves as Plan Administrator, he shall be entitled to serve without a bond.
6 Any successor Plan Administrator shall maintain in force during the duration of the Plan
7 a fidelity bond in an amount not less than the sum of the balance in the Creditor
8 Account. The bond premium, if any, shall be paid out of the Creditor Account.

9 E. Limitation on Liability of the Plan Administrator.

10 The Plan Administrator shall have no liability for any error of judgment made in
11 good faith in performing his duties and exercising his powers under this Plan, and the
12 Plan Administrator shall be liable only for damages arising from his wilful misconduct.
13 The Plan Administrator shall not be liable for any action taken or omitted in good faith
14 and believed by him to be authorized within the discretion, rights, or powers conferred
15 upon him by this Plan. No provisions of this Plan shall require the Plan Administrator to
16 expend or furnish his own funds, or otherwise incur personal financial liability in the
17 performance of any duty under this Plan or in the exercise of any of his rights or powers
18 hereunder. The Plan Administrator may rely, without further inquiry, on any writing
19 delivered to him under this Plan which he believes to be genuine and delivered to him by
20 the proper person, as well as the books and records of the Estate and the Debtors,
21 either of them, or their respective agents.

22 F. Plan Administrator May Act for the Debtors.

23 Any provision of this Plan or the Code which provides for consent to be given,
24 an act to be undertaken, or an agreement to be reached by the Debtors shall be read to
25 permit after the Effective Date such consent to be given by, act to be undertaken by, or
26 agreement to be reached with, the Plan Administrator.

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1 G. Post-Confirmation Compensation of Plan Administrator.

2 The Plan Administrator shall receive from the Creditor Account, as presumptively
3 reasonable compensation for post-confirmation services rendered, a fee of \$250 per
4 hour without regard to § 326 of the Code, and shall be entitled to reimbursement of
5 necessary and reasonable expenses from the Creditor Account.

6 H. Compliance With Tax Requirements.

7 To the extent applicable in connection with the Plan, the Plan Administrator shall
8 comply with all tax and reporting requirements imposed on him by any governmental
9 unit, and all distributions made under the Plan shall be subject to, and reduced by, such
10 tax and reporting requirements. The Plan Administrator shall be authorized to take any
11 action that may be necessary or appropriate in order to comply with such tax and
12 reporting requirements, including but not limited to requiring recipients to fund the
13 payment of withholding as a condition to delivery. Notwithstanding any other provision
14 of this Plan, each person or entity receiving a distribution under this Plan shall have sole
15 responsibility for the satisfaction and payment of any tax obligations imposed on it by
16 any governmental unit on account of such distribution, including income withholding
17 and other tax obligations.

18 I. Payment of Post-Confirmation Expenses; Payment of Post-Confirmation
19 Settlements and Compromises.

20 The Plan Administrator may pay Post-Confirmation Expenses from the Creditor
21 Account, and may enter into and perform settlements and compromises regarding
22 allowance of claims and any other matter concerning administration of the Estate, only
23 after he (i) provides Post-Confirmation Notice of the terms of the transaction, expense
24 to be paid, or terms of settlement or compromise to the Parties Entitled to Notice, and
25 (b) no party that receives such notice within the ten days provided serves the Plan
26 Administrator a written objection to the terms or payment. If the Case is at that time
27 closed, such objection shall be accompanied by a copy of a filed application of the
28 objecting party to reopen the Case, including evidence that any fee required to reopen

1 the Case has been paid. If such objection in proper form is timely received, the
2 proposed transaction, payment, or settlement or compromise may be carried out only
3 after Court approval is obtained after hearing on no less than ten (10) days' notice to
4 the objecting party.

5
6 **ARTICLE X.**
DUTIES OF THE DEBTORS

7 The Plan Administrator shall monitor and direct the efforts of the Debtors, who
8 will, to the extent reasonably required by the Plan Administrator and consistent with the
9 terms of this Plan, assist the Plan Administrator in implementation of the Plan. The
10 Debtors shall give the Trustee their full and reasonable cooperation, and shall, without
11 limitation, respond promptly and fully to the Plan Administrator's inquiries in the course
12 of administration of the Case and give the Plan Administrator ready access to their
13 books and records, and, to the books and records of FM and MI.

14 As the parties that control MI and FMI, the Debtors shall, subject to their duties
15 as such parties under applicable state law, see that MI and FMI repay their obligations
16 to the Estate as promptly as is necessary for the Plan Administrator, in turn, to use the
17 proceeds of such payment for timely distributions under this Plan.

18 As a condition of entry of the Confirmation Order, the Debtors shall perform the
19 following acts: (i) the Debtors shall cause MII to execute and deliver to the Plan
20 Administrator a promissory note, in a form approved by the Plan Administrator, in favor
21 of the Debtors and/or the Estate and in the aggregate amount owed by MII to the
22 Debtors and/or the Estate for unpaid rent, money lent, and any other amounts owed to
23 the Debtors as of the date of the promissory note; (ii) the Debtors shall cause MII and
24 FMI to execute and deliver to the Plan Administrator a security agreement under which
25 the personal property of MII and FMI secures the obligation of MII under the promissory
26 note delivered to the Plan Administrator, and any additional amounts that may become
27 due and owing by MII and/or FMI, including rent as it comes due and remains unpaid.

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1 By the filing of and confirmation of this Plan, the Debtors agree that they shall
2 turn over to the Plan Administrator, from any escrow for sale, the net proceeds of any
3 sale of the Agricultural Property and/or of any sale of the Commercial Property, after
4 payment of all liens of record and all ordinary costs of sale, notwithstanding prior
5 abandonment of these properties by the Estate.

6
7 **ARTICLE XI.**
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8 On the Confirmation Date, all executory contracts and unexpired leases entered
9 into by the Debtors or either of them before the Petition Date which have not been
10 rejected by operation of law, assumed or rejected pursuant to a prior order of the Court,
11 or which are not subject to a motion already filed with the Court, except for those
12 executory contracts and unexpired leases, if any, identified as subject to a Class 3 claim
13 and as being assumed under this Plan, are rejected upon confirmation of this Plan.
14 Proofs of Claim for those claims arising from the rejection of any executory contracts
15 and unexpired leases must be filed with the Court no later than thirty (30) days
16 following the Effective Date. Failure to timely file such proofs of claim shall result in
17 disallowance of such claims without further order of the Court.

18
19 **ARTICLE XII.**
EFFECT OF CONFIRMATION

20 No revesting. Notwithstanding confirmation of this Plan, no non-exempt
21 property of the Estate will revert in the Debtors, and the Estate shall continue in
22 existence to be administered by the Plan Administrator pursuant to this Plan. The
23 Estate shall continue in existence under the control of the Plan Administrator, and the
24 Estate shall retain all tax benefits, losses, and other attributes for the filing of post-
25 confirmation tax returns.

26 Notwithstanding § 1115(a)(2) of the Code, which has been read to provide that
27 all earnings from services performed by a debtor after commencement of a chapter 11
28 case but before the case is closed are property of the bankruptcy estate, the post-

1 confirmation earnings from services performed by the Debtors shall be excluded from
2 the Estate and the Debtors therefore may use such earnings, and social security
3 benefits, as they see fit.

4 Fund of the Estate: As of the Effective Date, all funds of the Estate shall be
5 deemed unencumbered, and any depository of funds of the Estate, whether or not held
6 in accounts designated as "blocked" or otherwise subject to further order of the Court,
7 may release funds to the Plan Administrator upon request of the Plan Administrator.

8 Automatic Stay. Except as specifically stated in this Plan or as relief may later
9 be granted by the Court, notwithstanding confirmation of this Plan the automatic stay
10 provisions of § 362 shall continue in full force and effect as a post-confirmation stay.
11 Entry of the Confirmation Order shall serve to grant relief from the automatic stay, in
12 favor of all parties to the Ag Property Litigation, solely to permit the relevant court to
13 determine the parties' respective rights to the property subject of the litigation, and to
14 fix any monetary claim against the Debtors; the parties to the Ag Property Litigation
15 shall not, however, have relief from the automatic stay to enforce any rights against the
16 property of the Estate or the Debtors.

17 Cure Provision. Confirmation of this Plan shall constitute a restructuring of the
18 Debtors' and the Estate's obligations to claim holders affected by this Plan, and shall be
19 deemed to cure any and all defaults existing as of the Effective Date with respect to the
20 Debtors' and the Estate's obligations, except that confirmation shall not cure any
21 defaults for which a Notice of Default was given to commence non-judicial foreclosure
22 proceedings under applicable state law.

23 Nonrecourse Debt. To the extent the Debtors' pre-petition obligations are
24 nonrecourse as to the Debtors under applicable nonbankruptcy law, they shall remain
25 nonrecourse. To the extent a creditor retains a lien under this Plan, that creditor retains
26 all rights provided by such lien under applicable nonbankruptcy law.

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**ARTICLE XIII.
DISCHARGE AND CLOSING**

The completion of disbursements by the Plan Administrator under this Plan and entry of an order of discharge (but not solely entry of the order confirming this Plan) shall serve to discharge the Debtors from all debts provided for in this Plan, whether or not the creditor files a proof of claim, whether or not the creditor accepts or rejects the Plan, and whether or not the creditor's claim is allowed, except as specifically provided in § 1141 of the Code.

The rights afforded by this Plan and the treatment afforded all claims by this Plan shall be in full exchange for, and in complete satisfaction, discharge, and release of all claims and interests of any kind or nature, whether known or unknown, matured or contingent, liquidated or unliquidated, existing, arising or accruing, whether or not yet due, before the Effective Date, including without limitation claims accruing on or after the Petition Date, against the Estate or any assets or property of the Estate.

Notwithstanding the continuation of the Estate after confirmation of the Plan, nothing in this Plan shall be construed to prohibit the Plan Administrator or other party in interest from requesting and obtaining an order administratively closing the Case under § 350(a) of the Code, subject to being reopened on the motion of any party in interest, to determine any issue, claim, objection to claim, or right under this Plan, or for other cause as set forth in § 350(b) of the Code. Even should disbursements under the Plan remain to be made at the time a request is made to close the Case, the Court may determine the Case fully administered under § 350(a) of the Code and therefore may close the Case, so long as there is good cause for the closing of the Case, such as to avoid unnecessary administrative expense.

Promptly after completion of disbursements under this Plan, the Plan Administrator shall provide Post-Confirmation Notice of the same. The Debtors shall then if necessary request that the Case be reopened and shall promptly request entry of an order of discharge after hearing under § 1141(d)(5) of the Code, and the Plan

1 Administrator shall file a Final Report and Account for the Case promptly after the Case
2 is reopened. Should U.S. Trustee's Fees become due and payable as a consequence of
3 the reopening of the Case at the Debtors' request, the Debtors and not the Estate or the
4 Plan Administrator shall be liable for payment of same.

5
6 **ARTICLE XIV.
REMEDIES FOR DEFAULTS UNDER THE PLAN**

7 In the event there is a material default in the performance of the terms of this
8 Plan, by either the Debtors or by the Plan Administrator, any party in interest, including
9 holders of Allowed Claims, may move the Court for conversion of the Case to a case
10 under chapter 7 of the Code or for dismissal of the Case as provided in § 1112(b) of
11 the Code.

12
13 **ARTICLE XV.
MODIFICATION OF THE PLAN**

14 The Plan Proponents may amend or modify the Plan at any time before
15 confirmation of the Plan without prior notice, so long as the Court determines in
16 accordance with Federal Rule of Bankruptcy Procedure 3019 that the proposed
17 modification does not materially or adversely affect the interest of any holder of any
18 claim or equity security interest. If the Court makes such a determination and approves
19 such modification, it shall be deemed to have been accepted by the holders of claims or
20 equity security interests who have previously accepted the Plan.

21
22 **ARTICLE XVI.
OTHER PROVISIONS**

23 **A. Retention of Jurisdiction.**

24 After confirmation of this Plan, the Court shall retain exclusive jurisdiction of all
25 issues relating to the performance of this Plan and the conduct of the Trustee, the Plan
26 Administrator, and the Debtors under this Plan, and any professionals engaged by the
27 Plan Administrator, the Trustee, or the Debtors. After confirmation of this Plan, the

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1 Court shall retain exclusive jurisdiction over all property of the Estate, and specifically
2 over all assets to be liquidated pursuant this Plan.

3 Upon confirmation, the Plan Administrator shall retain the avoiding powers of §§
4 544, 545, 547, 548, and 553 of the Code, and may commence or continue
5 prosecution of any adversary proceedings or motions necessary or appropriate to
6 implement such retained powers. Confirmation of this Plan shall not impair or cause
7 waiver of any claims of the Debtors against third parties, including but not limited to
8 any claims described in the schedules filed by the Debtors in the Case.

9 Following confirmation of this Plan, the Court shall retain jurisdiction of the Case
10 for the following purposes:

- 11 (1) Modification of the Plan pursuant to § 1127(b) of the Code;
- 12 (2) Determination of the allowance or disallowance of claims. The
13 Plan Administrator shall retain post-confirmation the ability to object to the allowance of
14 any claim. The Court shall retain jurisdiction to determine the allowance or disallowance
15 of claims;
- 16 (3) Determination of any adversary proceedings or motions brought by
17 the Plan Administrator in the exercise of his avoiding powers;
- 18 (4) Fixing allowance of compensation and other administrative
19 expenses;
- 20 (5) Collection of money or property due to the Debtors or the Estate;
- 21 (6) Determination of disputes involving the Debtors which pertain to
22 events or transactions which occurred before the Effective Date including resolution of
23 any pending adversary proceedings;
- 24 (7) Value the Debtors' or the Estate's property and determination of
25 the allowed amount of a claim secured by property and avoidance of liens against
26 property to the extent the amount of the claim exceeds the value of the collateral
27 securing the claim pursuant to § 506 of the Code;

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1 (8) Any other purposes consistent with the laws of the United States,
2 until the Plan has been fully consummated.

3 In addition, the Court shall retain jurisdiction to order the sale of property free
4 and clear of liens, encumbrances, interests, and the like, and the sale of property and all
5 interests where the Estate holds only a fractional interest, pursuant to § 363 of the
6 Code or applicable non-bankruptcy law; and to enforce and determine all rights and
7 interests relating to property of the Estate, including easements, covenants, restrictions,
8 conditions, and interests in any such property.

9 B. Preservation and Assignment of Causes of Action. As of the Effective Date,
10 each and every claim, right, cause of action, claim for relief, right to set off, and
11 entitlement held by the Estate or the Debtors, whether arising under §§ 502, 506, 510,
12 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, or 553 of the Code,
13 other than those waived or released by express terms of this Plan or the Confirmation
14 Order, shall be deemed fully preserved and vested in the Plan Administrator.

15 C. Records.

16 The Plan Administrator shall maintain accurate books and records of the monies
17 and properties received from the Estate, and of all payments and disbursements made
18 for expenses of the estate, on Administrative Expense Claims, and on Allowed Claims.

19 D. Final Accounting and Discharge of Plan Administrator.

20 Upon sale or abandonment of all property of the Estate, and final disbursement
21 from the Creditor Account, the Plan Administrator shall file with the Court a Final Report
22 and Account. Upon order of the Court, the Plan Administrator shall be discharged from
23 his duties under this Plan.

24 E. Abandonment of Property.

25 The Plan Administrator is expressly authorized to abandon, as that term is
26 applied under § 554 of the Code, any property of the Estate that he determines to be
27 burdensome or of inconsequential value. Such abandonment shall be effective upon
28 any of the following events, in the discretion of the Trustee, without need for further

1 notice or hearing: (i) the filing with the Court of a Notice of Abandonment describing
2 such property, with service of a copy on Parties Entitled to Notice, except that if the
3 Case is closed, no Notice of Abandonment need be filed with the Court; or (ii) as to real
4 property, the recordation of a Notice of Abandonment with the Office of the County
5 Recorder for the county in which the real property is situated with service of a copy on
6 Parties Entitled to Notice.

7 No authorization of the Court or notice to any entity shall be required for
8 abandonment of any asset to be effective, but the Plan Administrator may seek an
9 order of abandonment from the Court pursuant to applicable rules of procedure, should
10 he determine so doing to be appropriate.

11 F. Tax Withholding.

12 Unless the Plan Administrator elects to do otherwise, any and all payments and
13 disbursements under this Plan by the Plan Administrator to any party shall be made free
14 and clear of, and without deduction for, any and all present or future taxes, levies,
15 impounds, deductions, charges, or other withholdings and all liabilities with respect
16 thereto.

17 G. Unclaimed Distributions and Claim Waiver.

18 The Plan Administrator may draw checks constituting distributions due under this
19 Plan so that such checks will automatically become void if not presented for payment
20 by the payor bank within ninety (90) days after the date of the check. Unless the Court
21 for cause directs otherwise, if the Plan Administrator dispatches any check by first-class
22 mail to the payee's last-known mailing address within fourteen (14) days after the date
23 of such check, and thereafter such check becomes void, the claim on account of which
24 the check was dispatched shall be deemed withdrawn and disallowed; the holder of
25 such shall be barred from seeking further recovery on account of that claim; and the
26 unclaimed distribution shall become available for distribution to other claim holders
27 under this Plan. Notwithstanding the provisions above, should the Plan Administrator
28 determine in his sole discretion that it is not economically prudent to redistribute such

1 funds, such funds shall be considered and treated as unclaimed property under § 347(a)
2 of the Code.

3 H. Successor Plan Administrator.

4 Should Jon Tesar be unable to assume the duties of Plan Administrator on the
5 Effective Date, or if he should be unable or unwilling to continue to perform such duties
6 after the Effective Date, the court shall be authorized to appoint a replacement Plan
7 Administrator on motion of any interested party, including the U.S. Trustee. Should a
8 successor be unable or unwilling to continue to perform his or her duties as Plan
9 Administrator after appointment, the court shall be authorized to appoint a replacement
10 Plan Administrator on motion of any interested party, including the U.S. Trustee.

11 I. Jurisdictional Limitations. Should any party in interest assert that the conduct of
12 the Plan Administrator or professionals engaged by the Plan Administrator is not
13 consistent with the provisions of this Plan, or should any party in interest assert any
14 claim against the Plan Administrator or professionals engaged by the Plan Administrator
15 for any conduct within the scope of his or her duties under this Plan, all such claims,
16 rights, requests for relief, or requests for enforcement of rights must be filed in and
17 determined by the Court, which shall have exclusive jurisdiction of same. The Court
18 shall have exclusive jurisdiction for the determination or enforcement of any rights under
19 or arising from this Plan.

20 J. Exemption from Transfer Taxes. Pursuant to § 1146(c) of the Code, the
21 issuance, transfer, or exchange of any notes or equity securities under the Plan, the
22 creation of any mortgage, deed of trust, or other security interest, the making or
23 assignment of any lease or sublease, the sale or other transfer of any assets by the Plan
24 Administrator to a third party, or the making or delivery of any deed or other instrument
25 of transfer under, or in furtherance of, or in connection with the Plan, including any
26 deeds, bills of sale, or assignments executed in connection with any of the transactions
27 contemplated under the Plan, shall not be subject to any stamp, transfer, real estate
28 transfer, mortgage recording, sales, or similar tax.

1 K. General Provisions.

2 Severability. If any provision in this Plan is determined to be
3 unenforceable, the determination will in no way limit or affect the enforceability and
4 operative effect of any other provision of this Plan.

5 Binding Effect. The rights and obligations of any entity named or referred
6 to in this Plan will be binding upon, and will inure to the benefit of the successors or
7 assigns of such entity.

8 Cramdown. Pursuant to § 1129(b) of the Code, the Plan Proponents
9 reserve the right to seek confirmation of the Plan notwithstanding the rejection of the
10 Plan by one or more classes of creditors.

11 Captions. The headings contained in this Plan are for convenience of
12 reference only and do not affect the meaning or interpretation of this Plan.

13 Notice to Plan Administrator. Unless otherwise agreed by the Plan
14 Administrator in writing, all notices and written communications to the Plan
15 Administrator shall be provided to his attorneys. The addresses for the Plan
16 Administrator and his attorneys, unless other instructions or addresses are provided in
17 writing, shall be:

18 Plan Administrator
19 Jon Tesar
20 P.O. Box 255544
 Sacramento, CA 95865
 e-mail: jontesar@msn.com

 Anthony Asebedo, Esq.
 Meegan, Hanschu & Kassenbrock
 11341 Gold Express Drive, Suite 110
 Gold River, CA 95670
 Fax: (916) 925-1265

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1 Plan Controls. Should there be any inconsistency between the terms
2 stated in the Disclosure Statement and the terms of this Plan, the terms of this Plan
3 shall control and take precedence.
4

5 Dated: _____

MEEGAN, HANSCHU & KASSEN BROCK

6
7 By: _____
8 Anthony Asebedo
9 Attorneys for the Debtor

10 Dated: _____

11 Jon Tesar
12 Trustee, Case No. 09-29936-C-11

13 Dated: _____

BERNHEIM GUTIERREZ & McCREADY

14
15 By: _____
16 William S. Bernheim
17 Attorneys for the Debtors

18 Dated: _____

Paul Sandner Moller

19
20 Dated: _____

Rosa Maria Moller